

## Message Text

UNCLASSIFIED

PAGE 01 PARIS 28977 092010Z

51

ACTION AID-59

INFO OCT-01 EUR-25 ISO-00 IGA-02 CEA-02 CIAE-00 COME-00

EB-11 EA-11 FRB-02 INR-10 IO-14 NEA-10 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01

XMB-07 L-03 STR-08 INT-08 SCEM-02 SCI-06 AF-10 AGR-20

OIC-04 ARA-16 /257 W

----- 082655

P 091643Z NOV 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 4668

UNCLAS PARIS 28977

E.O. 11652:N/A

TAGS: EFIN, EAID, FR

SUBJECT: DAC ANNUAL AID REVIEW - FRANCE

REF: STATE 192019

1. THE FOLLOWING QUESTIONS HAVE BEEN SUBMITTED DIRECTLY TO  
USOECF FOR THE ANNUAL AID REVIEW FOR FRANCE:

(1) GOF HAS RECENTLY ENCOURAGED PRIVATE INVESTMENT OVERSEAS AND  
HAS NEGOTIATED INVESTMENT AGREEMENTS WITH LDC'S TO HELP STIMULATE  
INVESTMENTS THERE. IS THIS POLICY LIKELY TO CHANGE BECAUSE OF  
EFFECTS ON BALANCE OF PAYMENTS OF INCREASED PETROLEUM COSTS  
WHICH WOULD EXCEED ANTICIPATED TRADE SURPLUS? IS IT LIKELY THAT  
INVESTMENT INTEREST WILL SHIFT INCREASINGLY TO PETROLEUM RELATED  
ACTIVITIES TO THE DETRIMENT OF INVESTMENTS IN SECTORS WITH HIGHER  
EMPLOYMENT GENERATION-RURAL INCOME DISTRIBUTION EFFECTS?

(2) GOF HAS RECENTLY INDICATED THAT INCREASING ASSISTANCE WILL  
BE PROVIDED TO NON-FRANCOPHONE COUNTRIES, ALL IN KEEPING UP THE  
SPECIAL RELATIONSHIP AND CONTINUED SUPPORT FOR FRANCOPHONE  
COUNTRIES.

TO THIS MUST BE ADDED THE SEVERAL YEAR INCREASED AID DEMAND FOR  
THE FRANCOPHONE STATES AFFECTED BY SEVERE DROUGHT. DOES THIS MEAN  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 PARIS 28977 092010Z

AN INCREASE IN AID LEVELS, A SHIFT OF FUNDS FROM FRANCOPHONE

AREAS, SELECTIVE ADJUSTMENTS? HOW IS POLICY AND PLANNING GOING TO BE ADMINISTERED, I.E., WILL AID TO THE DIFFERENT AREAS CONTINUE TO BE HANDLED SEPARATELY? WHO WILL MAKE ULTIMATE DECISION ON FUND ALLOCATIONS?

(3) ONE OF THE PURPOSES OF THE AFRICAN SUMMIT CONFERENCE WITH THE GOF, MAY HAVE BEEN TO DISCUSS HOW TO CREATE AN OPERATIVE REGIONAL GROUPING - OR ALTERNATIVELY, HOW TO MAKE THE WEST AFRICAN ECONOMIC COMMUNITY (CEAO) INTO OTHER THAN A PAPER ORGANIZATION, WHAT INCENTIVES MIGHT THE GOF CONSIDER?

(4) ANOTHER FOCAL POINT OF THE SUMMIT CONFERENCE IS LIKELY TO BE FRANC ZONE MONETARY REGULATIONS. WHAT ARE THE MOST IMPORTANT CHANGES THAT YOU SEE BEING REQUESTED BY ZONE MEMBERS AND WHAT MODIFICATIONS/RELAXATION OF MONETARY REGULATIONS IS THE GOF WILLING TO CONSIDER?

(5) GOF ASSISTANCE HAS BEEN FOCUSED INCREASINGLY IN RECENT YEARS ON RURAL DEVELOPMENT PROBLEMS AS AN INTEGRATED UNIT, WITH ATTENTION TO STAPLE CROPS AND LIVESTOCK; FRANCOPHONE AFRICAN GOVERNMENT BUDGET ALLOCATIONS TO THESE AREAS HAVE BEEN VERY MUCH LOWER THAN THE TAX REVENUES GENERATED FROM THESE PRODUCTIVE SECTORS. YET, THERE IS RECOGNITION OF NEED TO IMPROVE PUBLIC SERVICES FOR THE RURAL AREAS. WHAT, IF ANYTHING, IS GOF CONTEMPLATING TO ENCOURAGE INCREASED AVAILABILITY OF FINANCIAL RESOURCES FOR RURAL PUBLIC SERVICES?

(6) THE TERMS OF FRENCH ODA TO COUNTRIES OUTSIDE THE FRANC ZONE TEND TO BE CONSIDERABLY HARDER THAN THOSE TO FRANC ZONE BENEFICIARIES.

THE GRANT ELEMENT IN FRENCH ODA TO THIS GROUP TENDS TO BE SIGNIFICANTLY LOWER THAN THE DAC AVERAGE ( PAKISTAN, -27; BURMA, -46; INDIA, -27; SRI LANKA, -25; KHMER REPUBLIC, -25). DOES THE GOF HAVE ANY PLANS FOR REDUCING THIS DISPARITY?

(7) FREQUENTLY FRENCH ODA TO COUNTRIES OUTSIDE THE FRANC ZONE IS EXTENDED UNDER THE SO-CALLED "MIXED CREDIT" SYSTEM, WHEREBY THE USE OF SUCH OFFICIAL FUNDS IS LINKED TO A CONCURRENT USE OF GOVERNMENT-GUARANTEED PRIVATE EXPORT CREDITS. IN SOME CASES THIS COMPLICATES OR RETARDS THE EXPENDITURE OF THE OFFICIAL PORTION.  
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 PARIS 28977 092010Z

IT ALSO, IN EFFECT, HARDENS THE TERMS OF FRENCH AID TO THE BENEFICIAIRES. IS ANY THOUGHT BEING GIVEN TO ELIMINATING OR REDUCING RELIANCE ON THE "MIXED CREDIT" TECHNIQUE?

(8) GOF HAS ANNOUNCED ITS INTENTION OF DIVERSIFYING THE GEOGRAPHICAL DISTRIBUTION OF FRENCH ODA. YET, WE NOTE THAT IN 1972, AID TO AFRICAN STATES AND MADAGASCAR GREW BY 29.6 PERCENT, AND THAT TO OVERSEAS DEPARTMENTS AND TERRITORIES ( DOM-TOM) BY 20 PERCENT,

WHILE BILATERAL AID TO COUNTRIES OUTSIDE THE FRANC AREA GREW  
ONLY BY 15.5 PERCENT. DOES GOF EXPECT THESE TRENDS TO CONTINUE?  
( U.S. DELEGATION MAY ALSO WISH TO REPEAT CONCERN EXPRESSED  
AT DECEMBER 8, 1972 MEETING ON DISTORTION OF DAC STATISTICS  
THROUGH FRENCH INCLUSION OF ASSISTANCE TO DOM-TOM, WHICH ACCOUNTS  
FOR 35.8 PERCENT OF TOTAL. FOR FURTHER DISCUSSION OF THIS  
PROBLEM, SEE EMBASSY'S A-1005 OF NOVEMBER 30, 1972).IRWIN

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 NOV 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973PARIS28977  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** PARIS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19731144/aaaabgba.tel  
**Line Count:** 122  
**Locator:** TEXT ON-LINE  
**Office:** ACTION AID  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** STATE 192019  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** kellerpr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 14 AUG 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <14-Aug-2001 by maustmc>; APPROVED <18-Jan-2002 by kellerpr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** DAC ANNUAL AID REVIEW - FRANCE  
**TAGS:** EFIN, EAID, FR  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005